

MINUTES

Colorado Blue Ribbon Panel on Housing

February 1, 2005

Red Rocks Community College, Lakewood, Colorado

Meeting called to order at 2:10 pm by Kathi Williams

Members in Attendance:

Tom Ragonetti

Kathi Williams

Mike Rosser

Roy Alexander

Joe Blake

Don Marostica

Deb Tamlin

Mike Rock

Ed Tauer

Gary Severson

John Osborn

Tresi Hout

Peter Neukirch

Jay Wilson

Britta Fisher

Andrew Knudtsen

Gordon von Stroh

Gene Myers

Melanie Worley

Alana Smart

Tony Hernandez

Randy Pye for Tom Clark

James van Hemert for Marc Holtzman

Staff: Ryan McMaken

Pat Coyle

Justin Marks

Cassandra Brower

Connie Campos

Others in attendance: Rebecca Hutt

Following introductions, the panel approves the minutes and Ryan McMaken goes over “housing trust fund” survey responses.

Britta Fisher presents an update on developments in housing trust fund – The bill sponsor, Betty Boyd has attained late-bill status and will introduce a bill for the trust fund this session.

Following the panel's request for summarized information on different types of housing data, Ryan McMaken and Pat Coyle from the Division of Housing presented a presentation covering different funding sources and funding programs available for housing and programs often used by DOH, USDA-RD, HUD, and other housing agencies.

[please see attached document – “funding resources summary”]

Following the presentation, Tom Ragonetti suggested that an office similar to a collegiate financial aid office be devised, if possible, to assist organizations with finding the appropriate funding sources for a variety of projects.

Kathi Williams – “We have been particularly strapped by regulations that have been put on the moneys. For example, our homeless need has increased while other needs have decreased. Without the flexibility, it is difficult to use it well.”

Mike Rock – “Let's look at CHFA as either an alternative to or a supplement to the DOH. They have a reliable funding source, and we might want to examine their organization. I'm not making a recommendation either way.”

Tom Ragonetti – “It has to be a one-stop shop – if you want the answer to your financing question, here's where you go. Literally like a credit counselor that would put together a plan for you.”

Mike Rock - “One of the reasons I'd like to look at CHFA is because in terms of its financial health, it has been pretty consistent. We ought to look at all the models and decide where it best fits.”

Joe Blake – “The goal should be to begin with the user in mind. Imagine beginning with this information and telling someone to go on and find their way.”

Tom Ragonetti – “We need this for the same reason I use an accountant to do my taxes. We need to create something that's as user friendly as H and R block.”

Tresi Houpt – “This is sounding a lot like the housing fund the roaring fork is putting together to provide similar info services. We should find out what's happening regionally throughout the state on this issue so we don't duplicate services.”

Andy Knudtsen- “If there's one thing to add – it would be interesting to see numbers of units created per dollar in each fund to find out which fund has the greatest effectiveness.”

Kathi Williams – “And let’s not forget that there are other funds as well since there are a number of grants that do not go through the DOH.”

At this point Kathi Williams introduces Justin Marks, the new policy analyst for the Division of Housing.

Tony Hernandez – “We should not ignore the role of credit enhancement either since that could be an essential part of the puzzle.”

Kathi W explains the role of the state housing board and how it decides how the money goes out through the Division of Housing. The problem is that there are a lot of sophisticated communities that can put together good proposals, and this has decided what communities receive funds. We have not been able to function with any kind of good needs-based assessment and to determine what communities are objectively most needy and how the div of housing can best use that as well. Communities need to be able to assess and then get help getting the funds.

Gary Severson– this is what the gov’s office of economic development has done – they have just initiated community assessment teams and it is a competitive process to compete for a team. The team will come out and assess the community’s needs. This is a model and might be good to pursue.

NEEDS REPORT

Ryan McMaken presents a brief powerpoint on some numbers relating housing needs, income etc. [see attached powerpoint – “needs-ppt-feb”]

Pat Coyle explains how part of the DOH’s effort in determining needs has been to use the vacancy survey.

During the presentation, Gordon von Stroh gave a brief explanation of the origins of the Vacancy Survey that he publishes with the Metro Denver Apartment Association and the Division of Housing.

It is primarily the apartment assoc of metro that is the coordinating group. Vacancies, rents, etc. are surveyed. “We had about 100,000 apartment surveyed out of 280,000.” The DOH eventually asked von Stroh to do a statewide survey. There are presently 22 different market areas in the state.

The Metro report is controlled by The Denver Apartment Assoc. – bust statewide survey is available on DOH web site. We have worked with Denver and urban housing authorities along with formula system to determine appropriate market rent rate.

“We need to work with the apartment assoc about seeing at least some of the summary data on the web to make a win-win situation for everyone. With the surveys we’ve only set out the current situation. We let the rest of the world do the analysis.”

There was a discussion over how the survey is conducted and what kind of information is available:

The survey DOES take into account the incentives and giveaways that the owners offer to fill vacancies.

Kathi Williams – “to have a one stop shop it is necessary to get this all together.”

Gordon von Stroh – “Look at page 6 where it says vacancy rates by mkt area – see Eagle County 19%, Lake 26%, etc. If you remember correctly, it wasn’t all that long ago that we were very concerned that we didn’t have enough resort housing. We should be able to more closely monitor trends so we don’t set up a situation where we have large vacancies when there is only a small softening in the market.”

Ed Tauer – “What exactly do these vacancy rates mean for affordable housing ?”

Mike Rosser – It exacerbates the problems of the low end housing because the better housing can out compete the lower quality when there are higher vacancy rates.

Tauer - Why not switch to section 8?”

Rosser - More definitely are making the change.

K Williams – “We know there are a limited number of vouchers, so switching to sec 8 is most certainly not a panacea.”

Rosser – “The very low mortgage rates have made a difference because the low cost of owning has put downward pressure on multifamily housing.”

Tom Ragonetti – “When you’re talking about these buildings – you’re not talking about fully vacant buildings. You’re talking higher than average vacancies- the owner looks at it this way – if I can have 20% vacancy and make \$100,000, or go “affordable” and make \$100,000 its better to just have the vacancy because you can recover from that.”

Kathi W- “Vacancy is a significant part of the current properties in trouble that we presently must deal with.”

Tom Ragonetti – “People will go a long time without lowering rents. They can get the same rent rolls with vacancy than going affordable. Our real estate is more volatile here. It goes up and down a lot and people like to play the spread. They’ll wait a long time without lower rent substantially. They’ll hope that as the market picks up they’ll be able to get their target revenue.”

Gordon von Stroh –Also, rents may stay high because owner may conclude that they don't want the turnover of housing individuals that might be problematic and it costs to turn those units over.

Tom R – “To go below certain rates people often need to have a conversation with their lender which also keeps rates up much of the time.”

Ryan McMaken continues with needs presentation.

NEEDS ASSESSMENTS

Pat Coyle discussed needs assessments and the DOH role in producing needs assessments. Not to be confused with a market study. Needs assessments will pinpoint for a community the type of housing that it may need and project it out for a range of 3-5 years, it can talk about incomes and locations.

“The value of it locally is the process which communities go through to judge for themselves as to what their housing priorities should be. When we first get it the challenge is to get the money for the assessment, talking to the various local players and stakeholders to find out what they want to measure. We partner with a variety of communities. The process is indeed important. “

Andy Knudtsen - often a needs assessment with identify gaps by need or tenure and the gap analysis is very helpful.

Kathi Williams – “When someone comes to us they usually have a market study and we need to be very careful about making sure that the local region will do well with the increased housing supply.”

Gene Myers –“ I think Denver is about to begin a needs assessment process. They'll convene their own version of the Blue Ribbon Panel – it seems we should be coordinating with them on this issue. What is the best way to proceed on this?”

Kathi – “Yes, we'll talk to Denver It may be that the needs assess says one thing and the people of the community's vision for itself says another thing. “

Tresi Houpt – “When you look at a rural county, you need to look at the different areas – we have people who commute 70-80 miles one way because they can't afford to live on the other side of the county. There's quite a difference in availability in many communities even if the county's median costs appear low.”

Kathi W – “Yes, analysis may be more adapted to regionalism than to local entities only. Part of the info is on a county level, some on a city level, some crosses county lines, so we need to be able to get a needs analysis system where these different regions and their needs can be set out in some kind of organized and comparable fashion. It is a very

complicated and challenging issue. We'd like to contract to get as many needs assessment as possible going and to come up with a matrix that will call for basic variables so it will be easier to compare the needs and to get a much better sense of what the needs are statewide. CHFA and DOH and Denver have been working on a afford housing database which is a one stop shop for where to find units, and other information. We'd like to get ideas form you all and put some recommendations down on this issue so we can proiceed on determining the best way to do this."

Tony Hernandez – "Ft Collins is doing this as well. – Fannie Mae has helped finance the effort. We'd like to make sure that these databases can work with each other as much as possible.

Lynn Black – we try to do our needs assessment within every 5 years with a 10 year time span for a complete one we do it through surveys the one thing that's important is to make sure we're collecting the info that necessary for one of the many funders/lenders out there. Some sort of matrix that put together specific pieces of info that each of those lenders needed, we'd like to make sure that those are all included in the needs assess.

Kathi Williams: Thank you for coming

Adjourned 4:30 pm.